

**REMARKS:**

Claims 1-37 are currently pending in the application.

Claim 37 stands objected to for various informalities.

Claims 1-12 stand rejected to under 35 U.S.C. § 112, second paragraph.

Claims 1-11, 13-23, 25-35, and 37 stand rejected under 35 U.S.C. § 103(a) over U.S. Patent No. 7,257,552 B1 to Franco (hereinafter “*Franco*”).

Claims 12, 24, and 36 stand rejected under 35 U.S.C. § 103(a) over *Franco* in view of Official Notice.

Applicant respectfully submits that all of Applicant’s arguments and amendments are without *prejudice* or *disclaimer*. In addition, Applicant has merely discussed example distinctions from the cited prior art. Other distinctions may exist, and as such, Applicant reserves the right to discuss these additional distinctions in a future Response or on Appeal, if appropriate. Applicant further respectfully submits that by not responding to additional statements made by the Examiner, Applicant does not acquiesce to the Examiner’s additional statements. The example distinctions discussed by Applicant are considered sufficient to overcome the Examiner’s rejections. In addition, Applicant reserves the right to pursue broader claims in this Application or through a continuation patent application. No new matter has been added.

**I. Claim Objections**

Claim 37 stands rejected to for various informalities. Applicant respectfully submits that current amendments to Claim 37 render moot the Examiner’s objections and respectfully request that the objections be withdrawn.

**II. Rejections Under 35 U.S.C. §112**

Claims 1-12 stand rejected to under 35 U.S.C. § 112, second paragraph. While Applicant respectfully submits that Claim 1 in its prior, unamended form is in compliance with 35 U.S.C. §

112, in an effort to expedite prosecution, Applicant has amended Claim 1 to render moot the Examiner's rejections under 35 U.S.C. § 112. Accordingly, Applicant respectfully requests that these rejections be withdrawn.

### **III. Rejections Under 35 U.S.C. § 103(a)**

Claims 1-11, 13-23, and 25-35 stand rejected under 35 U.S.C. § 103(a) over *Franco*. Claims 12, 24, and 36 stand rejected under 35 U.S.C. § 103(a) over *Franco* in view of Official Notice.

Applicant thanks the Examiner for withdrawing the prior rejection of Claims 1-11, 13-23, and 25-35 as anticipated by *Franco* under 35 U.S.C. § 102 and for inviting Applicant to offer an alternative interpretation of the prior art to make a showing of nonobviousness. A detailed discussion of Applicant's interpretation of *Franco* and support for Applicant's position that *Franco* fails to render obvious Applicant's claimed invention is set forth below.

In rejecting Claim 1, the Examiner states that *Franco* discloses the following:

b) a quote system (e.g. Fig 1 item 113: storefront; or Fig 20 item 113: web storefront; e.g. Fig 28A, item 2803: "price offered" reads on quote and consumer acceptance or rejection) coupled configured to:

b 1) receive, from the user interface, the consumer demand for the product;  
b2) determine an incentive based on an OLT for the product, the OLT for the product representing a time difference between the FUTURE DATE and the current date, the OLT being longer than a supply channel delay between a DE and an UE, the incentive reflecting cost savings to the DE associated with the OLT (see e.g. col. 52 lines 26-39 and excerpts above; see FIG. 28A which illustrates a preferred method by the PDMS to correlate price discount to Predictive Purchase Delay (PDD); the PDD reads on the claimed OLT);

(29 October 2009 Non-Final Office Action, page 10). Applicant respectfully disagrees with all of the above and respectfully directs the Examiner's attention to column 52, lines 26-39 of the specification of *Franco*, provided below, to disclose "receiv[ing], from the user interface, the consumer demand for the product and *determin[ing] [an] incentive based on an order lead time for the product* wherein the order lead time for the product represents a time difference between the future date and the current date . . . *and the incentive reflects cost savings to the downstream supply chain entity associated with the order lead time,*" as required by Claim 1:

To support Predictive Purchasing, the VIMS can provide specialized application programs that estimate supply chain cost savings resulting from Predictive Purchasing and correlate such savings with the Predictive Purchase Delay (PPD). As used herein, Predictive Purchase Delay (PPD) is the time span between the time the consumer places a Predictive Purchase order and the time the consumer agrees to take possession of the goods purchased. *The specialized application programs also correlate the PPD to the incentive price discounts* offered to consumers to enable retailers to tailor incentive discounts to the markets they serve and the business models they use. In general, *the longer the PPD is, the larger the achievable supply chain cost savings and the incentive price discounts are.* (Emphasis added).

Applicant respectfully submits that *Franco* merely discloses, among other things, the fact that the length of the “Predictive Purchase Delay” is directly proportional to the amount of achievable supply chain cost savings and incentive price discounts. The mere existence of correlation is not analogous to making a determination based on incentives, as Applicant’s Claim 1 requires. A correlation is merely a passive relationship between two or more entities. For example, a first numbered list of items may be correlated with a second numbered list of items but this does not indicate any causal relationship between the two data sets (i.e. one list was not used to determine the values of the second list). Yet, it is still proper to say that the two lists of numbered items may be correlated if a link has been established between corresponding numbered items in each list.

By sharp contrast, Applicant’s Claim 1 requires an *actively determining an incentive based on an order lead time for the product*. This affirmative act of making a determination based on a value (order lead time) requires more than merely correlating data. The incentive is *based on* an order lead time for the product which thus necessarily implies that the order lead time was used in a manner integral to making a determination as to what the incentive will be. Thus, the correlation of supply chain cost saving and incentive price discounts with the predictive purchase delay as disclosed in *Franco* does not equate to *actively determining an incentive based on an order lead time for the product*. Accordingly, contrary to the Examiner’s assertions, *Franco* fails to disclose “*determin[ing] [an] incentive based on an order lead time for the product* wherein the order lead time for the product represents a time difference between the future date and the current date . . . and the incentive reflects cost savings to the downstream supply chain entity associated with the order lead time,” as required by Claim 1.

Applicant further respectfully submits that the disclosure of *Franco* fails to render obvious Applicant's claims because it is not obvious to one of ordinary skill in the art to use the disclosure two passively correlated items of data to arrive at an active determination of one item of data using the other item of data as a basis for making that determination.

Thus, Applicant respectfully submits that claims are not rendered obvious by *Franco* or by the proposed combination of *Franco* and the Examiner's Official Notice and respectfully request that the rejections under 35 U.S.C. §103(a) be withdrawn.

**IV. The Office Action Fails to Properly Establish a *Prima Facie* case of Obviousness over the Proposed *Franco*-Official Notice Combination According to the UPSTO Examination Guidelines**

Applicant respectfully submits that the Office Action fails to properly establish a *prima facie* case of obviousness based on the proposed combination of *Franco* or the Examiner's Official Notice, either individually or in combination, and in particular, the Office Action fails to establish a *prima facie* case of obviousness based on the "Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*" (the "Guidelines").

As reiterated by the Supreme Court in *KSR International Co. v. Teleflex Inc. (KSR)*, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in *Graham v. John Deere Co.* (383 U.S. 1, 148 USPQ 459 (1966)). Obviousness is a question of law based on underlying factual inquiries. These factual inquiries enunciated by the Court are as follows:

- (1) Determining the scope and content of the prior art;
- (2) Ascertaining the differences between the claimed invention and the prior art; and
- (3) Resolving the level of ordinary skill in the pertinent art.

(Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). Objective evidence relevant to the issue of obviousness must be evaluated by Office personnel. (383 U.S. 17–18, 148 USPQ 467 (1966)). As stated by the Supreme Court in *KSR*, "While the sequence of these questions might be reordered in

any particular case, the [*Graham*] factors continue to define the inquiry that controls.” (*KSR*, 550 U.S. at \_\_\_, 82 USPQ2d at 1391).

However, it is important to note that the Guidelines require that Office personnel “***ensure that the written record includes findings of fact*** concerning the state of the art and the teachings of the references applied. (Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). In addition, the Guidelines remind Office personnel that the “***factual findings made by Office personnel are the necessary underpinnings to establish obviousness.***” (*id.*). Further, “***Office personnel must provide an explanation to support an obviousness rejection*** under 35 U.S.C. 103. (*id.*). In fact, “35 U.S.C. 132 requires that the applicant be notified of the reasons for the rejection of the claim so that he or she can decide how best to proceed” and “clearly setting forth findings of fact and the rationale(s) to support a rejection in an Office action leads to the prompt resolution of issues pertinent to patentability.” (*id.*).

With respect to the subject application, the Office Action has not shown the ***factual findings necessary to establish obviousness*** or even ***an explanation to support the obviousness rejection*** based on the proposed combination of *Franco* and the Examiner’s Official Notice. The Office Action merely states:

Official Notice is taken that it is well known for vendors to charge fees or penalties or liquidated damages for cancellation of order to protect vendors from breach of contract by buyers. Usually a deposit or initial payment would be such liquidated damages. An example is loss of deposit in cancellation of buying a house or cancellation of a custom product e.g. a car.

(29 October 2009 Non-Final Office Action, page 16). Applicant respectfully disagrees and respectfully submits that the Examiner’s conclusory statement is not sufficient to establish the ***factual findings necessary to establish obviousness*** and is not a sufficient ***explanation to support the obviousness rejection*** based on the proposed combination of *Franco* and the Examiner’s Official Notice.

The Guidelines further provide guidance to Office personnel in “determining the scope and content of the prior art” such as, for example, “Office personnel must first obtain a thorough understanding of the invention disclosed and claimed in the application.” (Notice, 72 Fed. Reg. 57527 (Oct. 10, 2007)). The scope of the claimed invention must be clearly determined by giving

the claims the “broadest reasonable interpretation consistent with the specification.” (See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005) and MPEP § 2111.). In addition, the Guidelines state that any “*obviousness rejection should include*, either explicitly or implicitly in view of the prior art applied, *an indication of the level of ordinary skill.*” (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). With respect to the subject Application, the Office Action has not provided *an indication of the level of ordinary skill.*

The Guidelines still further provide that once the *Graham* factual inquiries are resolved, Office personnel must determine whether the claimed invention would have been obvious to one of ordinary skill in the art. (*Id.*). For example, the Guidelines state that *Office personnel must explain why the difference(s) between the prior art and the claimed invention would have been obvious to one of ordinary skill in the art.* (*Id.*). In addition, the Guidelines state that the proper analysis is *whether the claimed invention would have been obvious to one of ordinary skill in the art after consideration of all the facts.* (*Id.* and See 35 U.S.C. 103(a)).

With respect to the subject Application, the Office Action has not expressly resolved any of the *Graham* factual inquiries to determine whether Applicant’s invention would have been obvious to one of ordinary skill in the art. In addition, the Office Action fails to *explain why the difference(s) between the proposed combination of Franco, the Examiner’s Official Notice, and Applicant’s claimed invention would have been obvious to one of ordinary skill in the art.* The Office Action merely states that “it would have been obvious to a PHOSITA to add such customary practice to the system of Franco to protect vendors.” (29 October 2009 Non-Final Office Action, page 16). Applicant respectfully disagrees and further respectfully requests clarification as to how this statement *explains why the difference(s) between the proposed combination of Franco, the Examiner’s Official Notice, and Applicant’s claimed invention would have been obvious to one of ordinary skill in the art.* Applicant further respectfully submits that the Examiner is using the subject Application as a template to formulate reconstructive hindsight, which constitutes impermissible use of hindsight under 35 U.S.C. § 103(a).

The Guidelines yet further state that the “key to supporting any rejection under 35 U.S.C. 103 is the *clear articulation of the reason(s) why the claimed invention would have been obvious.*” (Notice, 72 Fed. Reg. 57528 (Oct. 10, 2007)). In fact, the Supreme Court in *KSR* noted

that “*the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit.*” (*id.*). The Court quoting *In re Kahn* (441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)), stated that “[R]ejections on *obviousness cannot be sustained by mere conclusory statements*; instead, there *must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.*”’ (KSR, 550 U.S. at \_\_\_, 82 USPQ2d at 1396). The Guidelines provide the following seven rationales:

- (A) Combining prior art elements according to known methods to yield predictable results;
- (B) Simple substitution of one known element for another to obtain predictable results;
- (C) Use of known technique to improve similar devices (methods, or products) in the same way;
- (D) Applying a known technique to a known device (method, or product) ready for improvement to yield predictable results;
- (E) “Obvious to try”—choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success;
- (F) Known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations would have been predictable to one of ordinary skill in the art;
- (G) Some teaching, suggestion, or motivation in the prior art that would have led one of ordinary skill to modify the prior art reference or to combine prior art reference teachings to arrive at the claimed invention.

Applicant respectfully submits that the *Office Action fails to provide any articulation, let alone, clear articulation of the reasons why Applicant’s claimed invention would have been obvious*. For example, the *Examiner has not adequately supported the selection and combination of Franco and the Examiner’s Official Notice to render obvious Applicant’s claimed invention*. The Examiner’s unsupported conclusory statements that:

Official Notice is taken that it is well known for vendors to charge fees or penalties or liquidated damages for cancellation of order to protect vendors from breach of contract by buyers. Usually a deposit or initial payment would be such liquidated damages. An example is loss of deposit in cancellation of buying a house or cancellation of a custom product e.g. a car. Thus it would have been obvious to a PHOSITA to add such customary practice to the system of Franco to protect vendors.

(29 October 2009 Non-Final Office Action, page 16). However, Applicant respectfully submits that the Examiner's unsupported conclusory statement *does not adequately provide clear articulation of the reasons why Applicant's claimed invention would have been obvious*. In addition, the Examiner's unsupported conclusory statement fails to meet any of the Guidelines rationales to render obvious Applicant's claimed invention.

Thus, if the Examiner continues to maintain the obvious rejection based on the proposed combination of *Franco* and the Examiner's Official Notice, *Applicant respectfully requests that the Examiner provide proper support for the obviousness rejection under 35 U.S.C. 103 as necessitated by the Guidelines, including a statement by the Examiner identifying which one of the seven rationales the Examiner is relying on and the proper analysis of that particular rationale, as required by the Guidelines*.

**IV. Applicant's Claims are Patentable over the Proposed Franco-Official Notice Combination**

Applicant respectfully submits that, as discussed above, Claims 1, 13, 25, and 37 are considered patentably distinguishable over *Franco*. This being the case, dependent Claims 12, 24, and 36 are considered patentably distinguishable over the proposed combination of *Franco* and the Examiner's Official Notice, for at least the reason of depending from an allowable claim as well as for further distinctions.

Thus, Applicant respectfully submits that Claims 12, 24, and 36 are not rendered obvious by the proposed combination of *Franco* and the Examiner's Official Notice. Applicant further respectfully submits that Claims 12, 24, and 36 are in condition for allowance. Thus, Applicant respectfully requests that the rejection of Claims 12, 24, and 36 under 35 U.S.C. § 103(a) be reconsidered and that Claims 12, 24, and 36 be allowed.



**CONCLUSION:**

In view of the foregoing amendments and remarks, this application is considered to be in condition for allowance, and early reconsideration and a Notice of Allowance are earnestly solicited.

Although Applicants believe no fees are deemed to be necessary; the undersigned hereby authorizes the Director to charge any additional fees which may be required, or credit any overpayments, to **Deposit Account No. 500777**. If an extension of time is necessary for allowing this Response to be timely filed, this document is to be construed as also constituting a Petition for Extension of Time Under 37 C.F.R. § 1.136(a) to the extent necessary. Any fee required for such Petition for Extension of Time should be charged to **Deposit Account No. 500777**.

**Please link this application to Customer No. 53184 so that its status may be checked via the PAIR System.**

Respectfully submitted,

29 January 2010  
Date

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**CUSTOMER NO. 53184**